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From the November 2005 Issue

Track Your Time, Whether You Bill By It Or Not

Time-based billing was pioneered either by lawyers or by another of the world's oldest professions, and many accounting and other service-based professionals have adapted the process, as well, because it is an excellent method by which to ensure that the firm is appropriately compensated for the services it provides to clients.

There is, of course, a growing advocacy of value-based billing — the concept that a price should generally be fixed for traditional services based on the value the client receives, without regard for occasional irregularities in time, which may be caused by training new staff or differences in the aptitude of staff members. Many accountants use a hybrid method of billing, whether they realize it or not. They often charge a fixed rate for common services (like simple returns, monthly write-up or sales tax compliance), while charging based on time for services that are less predictable in nature (such as complex personal and business returns, audit services and full-service client bookkeeping).

Whatever the method, time and billing systems provide a great asset to accounting firms by enabling them to bill accurately. Of course, they solve that difficult mathematical equation $\text{Time} \times \text{Rate} = \text{Bill}$ for straight-line time billers, but they also offer reporting and analysis tools that let firm management keep on top of productivity by staff member, client, task or many other factors. This

is essential when setting up fee structures since pricing must reflect many

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Time and billing software, however, is about more than just tracking time and expenses, ensuring appropriate billing rates, and invoicing clients. Through reporting and analysis tools, these programs let key staff monitor the billing process, which ensures that work doesn't "slip through the cracks."

The systems also provide insight into key productivity indicators, allowing senior staff to make adjustments as necessary. These factors are essential to maintaining client service and for the profitability of the firm. As such, all time should be recorded, even firm "housekeeping" functions such as HR, payroll processing, performance reviews and interviewing applicants. This will help ensure that you know where all of your time is going and can help maximize efficiency on less profitable activities.

The programs reviewed here approach time and billing in a variety of ways, from basic programs geared toward very small organizations, to larger systems that border on being practice management applications. Some of these provide calendaring and scheduling tools, automated processing, integration with outside accounting and communications programs, and enhanced analysis capabilities. All, however, provide the essential ability to manage time and expenses and invoice clients. After consultation with professional accountants and software vendors, we have focused this review on the following areas:

Ease-of-Use/Program Setup. Getting staff (even partners) to actively track their time can be a challenge, yet their adoption of the software is critical to the benefit the firm can realize through use of these systems. Therefore, the product must be simple to navigate with common tasks easily accessible.

Customization features add value by letting users adapt the software to their

needs. Additionally, the ease with which the system is maintained has a bearing

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Billing & Reporting Features. Get paid for what you do.

That's obviously a cornerstone for any business. How the billing processes within these programs work is essential, as is the ability of the firm to perform markups/markdowns, declare some hours as unbillable, manage AR aging, and customize

options for addition of graphical elements to invoices. Are the bills and reports easily editable, and in what formats can they be exported? Word, Excel, HTML? Additionally, analysis tools promote more competent supervision of the firm, enabling productivity analysis.

Integration. Does the system share data with other programs already in use by the firm, such as third-party accounting systems, contact management applications and productivity tools? Are timekeepers able to record time and expense entries while away from the office, whether through a web interface, by e-mail or on their PDA?

Support/Help. A time comes with any program when a user is going to need assistance, whether it's a new user wanting training or a tutorial, a seasoned user with a specific query, or someone in between. In this section of the review, we address the built-in assistance features as well as online options and identify whether human-based technical assistance is included in the cost of the program or through subscription support packages.

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services firms...

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BQE Software — BillQuick

BQE has actively developed its BillQuick time and billing system, continually adding productivity features, enhancing integration capabilities, streamlining workflow and increasing its capabilities.

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CPASoftware (A Division of Sage

Software) — Sage CPA Practice Manager: Time & Billing Edition

CPASoftware, which was acquired by Best Software two years ago, who changed its name to Sage Software earlier this year, remains a separate division of the software vendor, and continues to produce applications specifically for accounting firms.

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Group AGI, Inc. — Abak Software

Abak Time and Billing is a comprehensive time and billing system that helps manage time and expenses, invoicing and client relationships, and also offers modules for project management, workflow, remote access and HR planning.

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LexisNexis Time Matters — Billing Matters Professional Edition

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for time and billing software in general. The program was first developed in 1985, so it has earned this ubiquity over the past 20 years.

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Tenrox — Tenrox Timesheet 8.5

Tenrox Timesheet is a browser-based system for tracking and billing time and expenses. The system is hosted on a business' file server or on Tenrox's servers through a hosting arrangement...

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TimeRewards Software — EZtime

EZtime is a different sort of time-based billing system in a couple of ways. First, it is designed for integration with QuickBooks (and is an authorized QuickBooks add-on), which obviously means it has the potential to tap into a huge market of small service-based businesses.

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TPS Software — TPS Time & Billing

Geared for professional services firms, TPS Time & Billing provides strong time and expense tracking functions, customizable billing and client correspondence capabilities, calendaring and timer utilities.

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